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Report Highlights:

Food inflation eases, *Rice procurement tops 16 million tons*, *Swaminathan for revolution in small farm management*, *Adoption of GM food crops will hit exports*, *Study safety factor while adopting GM crop: PM*, *Climate change action must*, *Indian companies buying land in Africa for agri business*, *IOC wants 50,000 hectares for biofuel cultivation in UP*, *Indians spend 25 percent of income on food*, *Export of oilmeals during April 2009 to December 2009 down by 44 percent*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India,

reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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FOOD INFLATION EASES

Even as such essential items such as potatoes, pulses, and vegetables remained expensive, food inflation dropped marginally to 18.22 percent for the week ended December 26 from the previous week's 19.83 percent and the eleven year high of 19.95 percent for the week ending December 5. The moderate easing was due to a marginal decline in prices of vegetables. However, potato prices rose by 110 percent over the last year and pulse prices by 42.21 percent. (Source: Business Line, 01/08/10)

RICE PROCUREMENT TOPS 16 MILLION TONS

Rice procurement by the Food Corporation of India and various state government agencies for 2009-10 marketing year (Oct-Sep) reached 16.3 million tons on January 5 compared to 16.2 million tons procured during the corresponding period of 2008-09 marketing year. Punjab and Haryana have contributed the bulk of the total procurement at 9.25 million tons and 1.8 million tons respectively. According to experts, timely announcement of the minimum support price and aggressive procurement strategies by state governments helped the government to procure substantial quantities of rice from the market. (Source: Financial Express, 01/06/10)

SWAMINATHAN FOR REVOLUTION IN SMALL FARM MANAGEMENT

A revolution in small farm management is essential to revitalize the country's agriculture, according to noted agriculture scientist Dr. M.S. Swaminathan. Corporate farming would be detrimental to India. But symbiotic relationship between farmers and industry, resulting in a win-win situation for both, would be good, he said while addressing an open forum at the 97th Indian Science Congress in Trivandrum, Kerala, on January 5. He also underlined the need to marry frontier science with traditional agricultural practices. He identified four major challenges to science and technology in the 21st century: climate change, nutritional deficiency, concerns over the safety of biotechnology, and biodiversity. "Self sufficiency in home-grown food is a must for a country of our size. The future belongs to nations with grains, not guns," he commented. (Source: Business Line, 01/06/10)

ADOPTION OF GM FOOD CROPS WILL HIT EXPORTS

If India adopts genetically engineered food crops, there are chances that it will loose out on the potential export market worth Rs. one trillion (\$21 billion) for its fruits and vegetables, said Dr. Pushpa Bhargav, Scientist, Founder and Director, Center for Cellular and Molecular Biology, Hyderabad. "Around 84 percent of the GM consumption happens in four countries of the world – United States, Brazil, Argentina, and Canada. Several countries including 90 percent of the European Union have banned the imports of GM crops," he said. The ten year decline of American citizen's health, as mentioned by U.S. President in his speech, and increase in consumption of Bt products might have a correlation, he said. Commenting on the safety of Bt brinjal (egg plant), he said the technology was a beautiful one, but it should be tested and verified before introducing it on the plates of consumers. (Source: Business Line, 01/08/10)

STUDY SAFETY FACTOR WHILE ADOPTING GM CROP: PM

Prime Minister Manmohan Singh said that legitimate questions of safety should be given full weight while going for genetically modified crops. Prime Minister said that Bt cotton was well accepted and made a great difference to its production. However, the extension of genetic modification to food crop raises legitimate questions of safety, which must be fully evaluated in a strictly scientific manner. (Source: Economic Times, 01/04/10)

CLIMATE CHANGE ACTION MUST

Inaugurating the 97th Indian Science Congress, Prime Minister Manmohan Singh said that lowering greenhouse gas emission was the only alternative and India must not lag behind on this. While observing that the Copenhagen Summit made limited progress, he said that India should plan to be among the leaders in the development of science and technology related to mitigation and adaptation to climate change. Even as India grapples with the challenges of food security and disease control, climate change and its effects are posing fresh challenges. (Source: Asian Age, 01/04/10)

INDIAN COMPANIES BUYING LAND IN AFRICA FOR AGRI BUSINESS

Indian companies are buying land overseas, mainly in Africa, to grow agricultural products that can be exported to large markets, including India. Companies and investment houses prefer agricultural direct investment in Africa as the Indian agricultural sector is fraught with bureaucratic hurdles. Also land is relatively cheaper in Africa and the fertile, contiguous nature of land is the other main driver. According to statistics provided by governments of various countries in east Africa, more than 80 Indian companies have invested about Rs. 113 billion (\$2.4 billion) in buying huge plantations in eastern Africa, such as Ethiopia, Kenya, Madagascar, Senegal, and Mozambique that will be used to grow food grains for the domestic market

(Economic Times, 01/02/10)

IOC WANTS 50,000 HECTARES FOR BIOFUEL CULTIVATION IN UP

Indian Oil Corporation, India's biggest oil marketing company, is looking to acquire 50,000 hectares of wasteland in the state of Uttar Pradesh for plantation of non-edible oilseeds such as jatropha and karanja for biodiesel production. The company has already acquired 30,000 hectares in Chatisgarh and 2,000 hectares in Madhya Pradesh. IOC has also entered into an MOU with Indian railways for the plantation of Jatropha on railway land along the tracks. (Source: Business Standard 1/5/10)

INDIANS SPEND 25 PERCENT OF INCOME ON FOOD

According to a survey of Indian households (Consumer Pyramids) by the Centre for Monitoring Indian Economy (CMIE), 25 percent of Indian households' total annual income is spent on food, 1.5 percent on health, 1.4 percent on paying off bank loans, 3.21 percent on education, 7.6 percent on power and fuel and 1.74 percent on transport. The CMIE's data for 2008-09 says household income for last financial year was Rs 28 billion, smaller than the official estimate of personal disposable income of Rs 36 billion. (Source: Indian Express, 01/04/10)

EXPORT OF OILMEALS DURING APRIL 2009 TO DECEMBER 2009 DOWN BY 44 PERCENT

According to the press release by the Solvent Extractors' Association (SEA) of India, exports of oilmeals during the April 2009 to December 2009 were down by 44 percent at 2.28 million tons compared to the corresponding period of last year. Exports were down due to weak export demand coupled with lower crushing and appreciation of Indian rupee against U.S. dollar. (Source: Press Release, SEA of India, 01/06/10)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN9163	Weekly Highlights & Hot Bites, #53	12/31/2009
IN1001	FAIRS: Draft Food Safety and Standards Rules and Regulations 2009	01/04/2010

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